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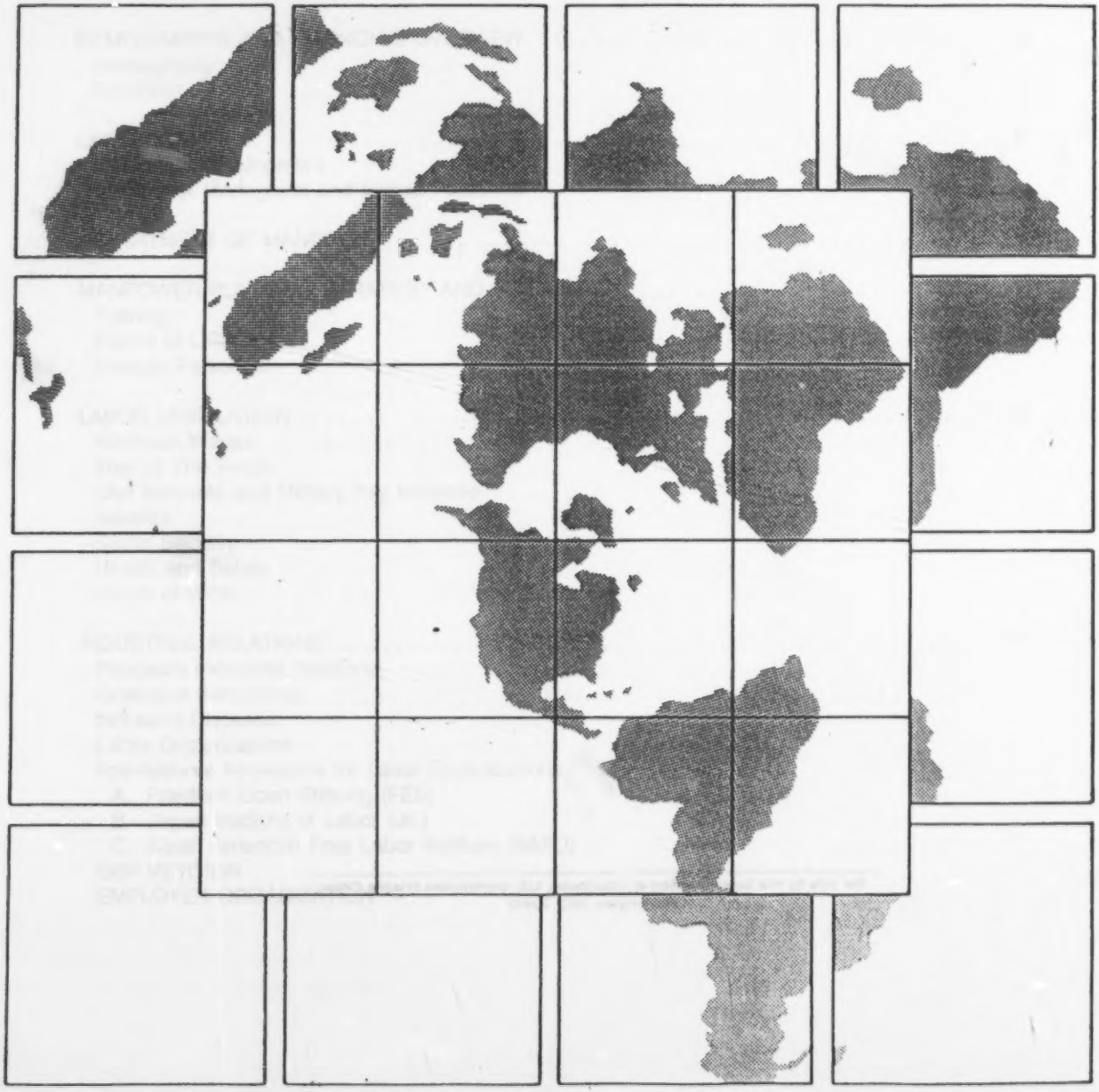

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FOREIGN LABOR TRENDS REPORT

INDONESIA

1989 - 1990

TABLE OF CONTENTS

Page

KEY LABOR INDICATORS 1

SUMMARY 3

DEMOGRAPHIC AND ECONOMIC OVERVIEW 3
- Demography
- Economy

LABOR FORCE 5
- Women in Development
- Scarcity of Managerial and Skilled Personnel

DEPARTMENT OF MANPOWER 6

MANPOWER PLANNING STRATEGY AND PROGRAMS 7
- Training
- Export of Labor
- Foreign Personnel

LABOR LEGISLATION 10
- Minimum Wages
- Year of The Wage
- Civil Servants and Military Pay Increase
- Benefits
- Social Security
- Health and Safety
- Hours of Work

INDUSTRIAL RELATIONS 14
- Pancasila Industrial Relations
- Collective Bargaining
- Industrial Disputes
- Labor Organizations
- International Assistance for Labor Organizations
  - A. Friedrich Ebert Stiftung (FES)
  - B. Japan Institute of Labor (JIL)
  - C. Asian American Free Labor Institute (AAFLI)
- GSP PETITION
- EMPLOYER ORGANIZATION

KEY LABOR INDICATORS

		1988	1989	% change
1.	Per cap. GDP, current prices (US$)	n/a	430	~
2.	--- GDP, constant prices	n/a	n/a	5.7
3.	Population, total (millions)	176	179	2.1
4.	---, major ethnic groups (%)			
	Javanese	~	45.0	~
	Sundanese	~	14.0	~
	Madurese	~	7.5	~
	Coastal Malays	~	7.5	~
5.	---, in major urban areas	n/a	~	~
		1987	1990	
6.	Birth rate (per thousand population)	29	27[1]	~
7.	In-migration by nationality	n/a	~	~
8.	Out-migration by destination (000)	1985	1986	
	Asia	260.2	176.7	-32.1
	Europe	25.4	20.0	-21.3
	America	17.7	12.5	-29.4
	Australia	7.6	4.9	-35.5
	Africa	1.5	2.2	46.7
		1987	1990	
9.	Life expectancy at birth, total	60.0	60.5	0.8
10.	---, male	58.0	58.0	0
11.	---, female	62.0	63.0	1.6
		1983	1986	
12.	Adult literacy rate (%)	71.2	85.0	19.4
		1988	1989	
13.	Labor force, civilian, total (millions)	74.5	76.0[e]	2.0
14.	---, male (millions)	45.5	45.8[e]	0.7
15.	---, female (millions)	29.0	31.2[e]	7.4
16.	Employment, civilian, total (millions)	72.3	73.8[e]	~
		1987	1988	
17.	---, in industry (millions)	9.04	n/a	~
18.	---, in agriculture (millions)	36.48	40.8	11.8
19.	---, in services (millions)	21.98	n/a	~
		1988		
20.	Unemployment rate (%)	2.95	n/a	~
21.	Underemployment rate (%)	44.4	n/a	~
22.	Labor productivity, manufacturing	n/a	~	~
23.	Work-related accidents and illnesses (000)	7.6	9.3	21.5
24.	Percent work time lost from industrial disputes	n/a	~	~
	Work hours lost from industrial disputes (000)	49.9	29.3	-41.4
25.	Minimum wage rate ($ per month)[see section on wages]	~	~	~

[1]*The World Factbook, 1990*

KEY LABOR INDICATORS (continued)

		1988	1989	% change
26.	Average weekly earnings by major industry	1986	1987	
	Manufacturing	12.65	13.93-190.70	~
	Construction	10.00	13.61-161.40	~
	Services	22.60	10.00-81.46	~
27.	---, by major occupation (US$)	1988		
	Laborer	14.00	n/a	~
	Clerical	35.85	n/a	~
	Mechanic	41.13	n/a	~
	Commercial specialist	190.00	n/a	~
	Professional	262.00	n/a	~
		1987	1988	
28.	Supplementary benefits as % of manufacturing earnings	40e	25-40e	~
		1988	1989	
29.	Average hours worked per week	42	42	0
30.	Unionization of labor (%)	5e	6e	20
31.	Average personal income per year at current prices (US$)	n/a	~	~
32.	Avg. dispos. income after taxes and mandatory withholding	n/a	~	~
		1984	1987	
33.	Percent of population beneath poverty level, urban	23.1	20.1	-13.0
	----, rural	21.2	16.4	-22.6
		1988	1989	
34.	Rate of change in consumer prices (%)	8.0	5.5[2]	-43.8

n/a = not available
e = estimate

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[2] *The World Factbook, 1990*

SUMMARY

This report covers labor developments in Indonesia from June 1989 to May 1990. This was a period of strong economic performance and a high level of growth. With over 2.3 million persons expected to enter the labor force each year over the next 5 years, employment creation continued to be acknowledged as one of the most pressing socioeconomic problems confronting the government. Based on preliminary analyses, the Indonesian Government believes that the over 6.5 percent growth rate experienced over the covered period created sufficient employment to keep up with the growth in the work force. However, due to the rising expectations of an increasingly youthful and more educated work force, the mismatch of skills, and the requirements of the job market, many of the new entrants could not find employment and many of those jobs went unfilled. This problem brought to the fore the urgent need to shift manpower planning and strategies temporarily away from creating employment opportunities towards the more immediate task of upgrading the quality of the work force to prepare it to fill those jobs already in existence.

In June 1989, the AFL-CIO filed its third petition with the United States Trade Representative (USTR) to remove Indonesia's Generalized System of Preferences (GSP) benefits because of an alleged poor record on worker rights. On April 27, 1990, the USTR announced that Indonesia was found to be taking steps to provide internationally recognized worker rights and recommended to the President that Indonesia retain its GSP beneficiary status.

The Minister of Manpower declared 1990 as the year of the wage, promising stricter enforcement of minimum wage regulations. The regional minimum wage for Jakarta was increased. Civil servants received another salary hike. The minimum wage will soon be based on minimum life needs. The period 1989/1990 witnessed a phenomenon called "hijacking." Faced with a scarcity of skilled labor, managerial personnel, supervisors, and technicians, companies lured experienced employees away from their jobs. The situation became acute in the rapidly expanding financial sector in 1989; new banking units have bid away experienced staff from older banks and salaries in the sector have soared.

Government officials, legislators, and other organizations continued their efforts to address the concerns of the labor movement and problems in the workplace. The ILO, the Netherlands, and the Department of Manpower entered into an agreement to improve the welfare of women workers. Vice President Sudharmono opened the annual National Health and Safety Campaign. The condition of house servants was brought before the legislature. The government and the public expressed concern over the status of Indonesians working abroad, particularly females working in the Middle East. In an effort to more evenly spread wealth among the populace, the government has urged companies to sell shares to cooperatives.

The All Indonesia Workers Union (SPSI) continued to improve its role as a trade union and to expand its international contacts. Effective international assistance and recognition of the SPSI continued especially from the AFL-CIO's Asian American Free Labor Institute (AAFLI) and the International Confederation of Free Trade Unions (ICFTU). The Indonesian Teachers Association (PGRI) registered as a trade union bringing to two the number of officially recognized trade unions in Indonesia.

DEMOGRAPHIC AND ECONOMIC OVERVIEW

Demography

Indonesia's 1990 population of 179 million is the world's fifth largest and is larger than any other country of Southeast Asia. It is currently growing at approximately 2.1 percent per annum and is projected to reach 193 million by 1993. Over 40 percent of the population is age 15 or under and less than 5 percent belongs to the 65 and older age group. Nineteen percent is in the 15 - 24 age group; 25

percent in the 25 - 44 age group; 8 percent in the 45 - 54 age group; and 9 percent in the group 55 and older. The population is almost evenly divided between the sexes.

The large multiethnic population is unevenly distributed (over 60 percent on Java--an island about the size of New York State) over an island chain 3,000 miles long. About 70 percent of Indonesians live in rural areas, many at subsistence levels. By 1993 Java will contain slightly less than 60 percent of the population, compared with 64 percent in 1971. It is predicted that the population of Java will grow by only 1.5 percent per annum while that of the rest of the country by over 2 percent.

Economy

Indonesia's economy is basically oriented toward agriculture and the exploitation of natural resources (oil, natural gas, copper, tin, nickel, and timber). A series of recent economic deregulation policies is resulting in the emergence of a more diversified economy.
Job creation is one of the greatest challenges facing Indonesia and government policy is directed towards encouraging domestic and foreign investment, particularly in labor intensive activities. Indonesia's program of economic deregulation, launched in 1983, which is crucial to its efforts to create employment, maintain growth, and increase foreign exchange earnings continued to show significant results in 1989. Real gross domestic product (GDP) increased by an average of 5.1 percent during the 1983/84-88/89 five-year development period. Growth in 1989 exceeded 6.5 percent.

Oil and gas remain the mainstays of the economy, but their share in export earnings and government revenues has declined significantly in recent years as a result of lower prices and the growth of non-oil and gas exports. Export earnings from oil and liquified natural gas (LNG) accounted for US$7.6 billion in 1988/89 and are estimated to exceed US$8.8 billion in 1989/90. Agriculture continues to play an important role in the Indonesian economy, accounting for 23 percent of gross domestic product and employing over half of the work force. Significant agricultural exports in 1988/89 included rubber, coffee, shrimp, palm oil, tea, and spices.

The industrial sector, in the government's view, must continue to grow rapidly to meet the employment demands of the increasing work force. Annual growth of the non-oil and gas industrial sector averaged 12.4 percent under the fourth economic plan. During 1989 the non-oil and gas industrial sector grew by 12.2 percent. Exports of nontraditional manufactured goods have increased, for example rattan furniture. Substantial growth has also occurred in the export of shoes, processed foods, essential oils, recording tapes, and glassware. Foreign investment approvals of US$4.5 billion in 1989 were over 200 percent higher than those of 1987. The number of domestic and foreign joint venture banks has grown dramatically as has the number of bank branches nationwide. The stock exchange has been revitalized. The current account deficit continues to demonstrate improvement, remaining below two billion dollars.

Indonesia's fifth Five-Year Development Plan began in April 1989. The burdens of economic development are expected to shift to the private sector, while continued government efforts to open the economy will enable private business to carry out the task. The government anticipates additional deregulation. Tempering the focus and efficiency of the deregulation program is the concern that the benefits of growth and development be fairly spread throughout Indonesian society. President Soeharto in 1990 has placed renewed attention on achieving equitable and balanced development. This concern prompted policies such as an early 1990 exhortation to private businesses to sell up to 25 percent of company shares to cooperatives and small shareholders. The less developed eastern provinces are designated to receive a greater share of government development funds.

LABOR FORCE

The present labor force is estimated to be around 76 million and expected to increase to about 84 million in 1993. Over 50 percent of the work force is between the ages 15 - 34. The number of job seekers in the category 15 - 34 is expected to increase steadily over the next 5 years. Women make up roughly 40 percent of the work force. About 44 percent of the present work force is considered to be underemployed. Open unemployment stands at less than three percent, relatively low by international standards.

During its planning for the fifth 5-year development period, the government projected that the economy would have to create 2.3 million jobs annually over the next 5 years to absorb new entrants into the work force. This would be possible with a five percent per annum growth rate. During 1989 the growth rate exceeded 6.5 percent. This growth rate generated a job growth rate of 3.7 percent, meaning Indonesia created employment opportunities for 2.6 million people in 1989--well above the 2.3 million target. During the first 9 months of 1989, 41.0 million persons were working in the agricultural sector; 6.49 million in the industrial sector; 10.7 million in the commercial/trade sector; 11.7 million in the service sector; and 3.8 million in other sectors. As long as the economy continues to grow at the present rate, employment opportunities should keep up with the growth in the labor force.

The government, satisfied with this positive development (at least for the moment), has begun to turn its attention to what is becoming a more pressing concern--how to satisfy the expectations of increasingly well-educated first time job seekers. A corresponding problem is the number of jobs which go unfilled because the job seekers do not have the necessary skills and education to fill the positions. These problems highlight the present Indonesian labor market. It is characterized by both a shortage of educated and skilled manpower and a substantial labor surplus.

During 1989 there were 612,227 job seekers registered with the Department of Manpower's employment exchanges. There were 133,690 vacancies listed through the exchanges, mostly in the industrial sector. Through these exchanges only 94,610 persons were able to be placed. Over 39,000 jobs went unfilled. Many of those registered did not have the requisite skills needed by the market. The majority--more than 52 percent--were high school graduates. The Department of Manpower was able to find employment for another 250,000 plus of the more than 612,227 registered through various other programs, e.g., temporary labor intensive projects (136,793), overseas employment programs (over 71,000), the transmigration program (over 38,000), and through the interregional employment exchanges programs (over 19,000). Some obtained employment as civil servants (over 1,000). Most job seekers do not register with the Department of Manpower. Many will wind up in the agricultural and informal sectors (self-employed, assisting family, no set work, no set hours--usually businesses employing less than five people). These two sectors combined account for over 75 percent of the work force.

Projections made during the planning of the fifth 5-year development period regarding labor force growth, indicate that a much more rapid growth will take place outside Java. In a number of provinces in Sumatra, Kalimantan, and Sulawesi, the labor force is projected to grow at over 5 percent annually over the next 5 years. For Sumatra and Kalimantan, as a whole, the labor force is projected to grow at almost twice the annual rate of Java's. Much of the projected growth in the labor force outside Java is expected to be in the agricultural and informal sectors.

Women in Development

Women still present a significant factor in the labor force, with a projected rate of growth of 3.9 percent per annum compared to 2.4 percent per annum for men. Today they represent about 40 percent of the work force. While the majority of working women are still concentrated in agriculture, trade and social services, often characterized by low productivity, they are also finding significant new employment

opportunities in the organized industrial sector that is expanding rapidly. Women are far and away the majority employees in plywood, shoe, and garment enterprises and also have good employment opportunities in other sectors such as electric appliances, rattan processing, leather processing, and sports equipment. The prevalence of women in low productivity fields is due to their low educational level--approximately 87.5 percent have an elementary or below education compared to over 70 percent for the work force population as a whole--traditional job preferences and the socio-cultural environment. Cognizant of these problems, the government continues to focus on programs and projects which will enhance the status of women. The Netherlands, Indonesia, and the ILO have entered into an agreement to improve the welfare of women workers. The project covers four provinces: Jakarta, West and East Java and South Sulawesi. Its objectives among others are to help managers raise the productivity and improve the health, welfare, and working conditions of female employees.

Slow progress has also been noted with regard to women's participation in the public service. The percentage of women increased from 27.43 percent in 1984 to 31.38 percent in 1989, despite a total increase of 30.23 percent--from 2,785,646 in 1984 to 3,627,615 in 1989. The majority have remained in the secondary level and only an extremely small percentage have climbed to level four (highest level in the civil service) during the years 1984 - 1989.

In the wake of public outrage over the case of a prominent member of the community who was accused of assaulting his former housemaid, members of the People's Representative Assembly (DPR)--or Parliament--called for a review of the status of over 5 million housemaids and servants working in Indonesia and the promulgation of protective legislation to address cases of abuse and neglect. Presently servants are not considered to be subject to the laws and regulations governing conditions and terms of work. Their status is largely governed by tradition.

Scarcity of Managerial and Skilled Personnel

The labor force is still characterized by low educational attainment, though the trend is towards an increasingly educated work force. The increasing number of job seekers graduating from universities is quite impressive. In 1985, 16,900 graduated from universities; in 1986, 31,800; and in 1987, 52,100. The number of persons with secondary education or higher is also on the rise. The total number of persons estimated to have a university education is about 1 percent of the population, while 9.7 percent or so have only finished junior high and 10.46 percent have earned a high school education. More than 78 percent of the work force has an elementary or below education.

The private sector which is expected to provide growth and employment opportunities is hampered by a scarcity of skilled personnel, especially mid level technicians, certain types of engineers, accountants, managers and supervisors. The situation became acute in 1989 in the financial services area which has grown rapidly as a result of deregulation. New banks are bidding away trained personnel from more established ones and salaries have soared. Foreign banks are those hardest hit as young Indonesians, boasting extensive financial knowledge and international savvy are being lured to private local banks. This practice, called "hijacking", has become acute among all sectors, prompting the Minister of Manpower to call it an unhealthy and unethical practice.

DEPARTMENT OF MANPOWER (DEPNAKER)

Responsibility for the overall protection of the worker lies with DEPNAKER. DEPNAKER has two Directorates General with responsibilities as follows:

- The Directorate General of Manpower Development and Placement is responsible for national manpower planning, coordination of private training, and the development and implementation of employment policies.

- The Directorate General of Industrial Relations and Supervision of Labor Standards is in charge of all aspects of industrial relations and is responsible for industrial health and safety. There are DEPNAKER offices in each region and in many districts.

The Minister of Manpower has responsibility for all labor matters, and local and regional DEPNAKER offices in Indonesia are authorized to deal with matters arising within their own regions in accordance with national labor policy. DEPNAKER's main role is to develop and carry out policies in accordance with Pancasila, the state ideology; ensure industrial peace; and develop the welfare, health, and safety of workers.

Employment generation, upgrading workers' skills, raising productivity, and expanding worker protection have been the major policy concerns of the present DEPNAKER administration.

MANPOWER PLANNING STRATEGY AND PROGRAMS

Training

The Department of Manpower has responsibility for skill and vocational training for all employees except civil servants. During 1989/1990 greater emphasis was placed on upgrading and utilizing the 153 government vocational training centers located all over the country and on encouraging companies to develop their own training programs. A U.S. Trade and Development Program grant was awarded to DEPNAKER to explore the feasibility of establishing revenue generating functions at model units. A U.S. consultant is now assessing how these centers can operate more efficiently as judged from their ability to generate revenue from user fees and product sales.

The Private Manpower Training Center (BLKS) is not yet operating optimally. Activity is limited largely to several BLKS in large cities or in regions where industry is developed. Most of the courses offered at the BLKS are for 3 months or less, although 6-month programs exist in some trades. These courses are intended to train and retrain existing personnel as well as new job seekers. During the last 5-year development period (1984/85-1988/89) 323,996 persons were trained in 7 trade areas: technology, mechanics, automotive, electrical, construction, commercial, miscellaneous trades, and agriculture. During the present 5-year development period (1989/90-1994/95), the government hopes to double this amount. In 1989, 29,366 persons were trained in the BLKS. An additional 10,121 were trained by private entities acting in conjunction with DEPNAKER.

During 1989 the Department of Manpower signed an agreement with the Indonesian Chamber of Commerce (KADIN) to develop an apprenticeship program as a part of the Department's efforts to encourage the private sector to play a more active role in providing training for workers and, as a part of its overall effort, to produce enough skilled workers to support an anticipated accelerated growth in the economy. In May 1990 the government announced that it would shortly submit to Parliament a draft law requiring large private companies to open apprenticeship schools. These draft laws are being jointly prepared by the Ministries of Industry, Finance, and Manpower.

Export of Labor

Exportation of labor continued to be an important policy option and a source of concern. Indonesian workers have been mainly sent to the Middle East, Malaysia, and Singapore through the intercountry recruitment branch, AKAN. Last year the Minister of Manpower stated that the dispatch of workers abroad would continue and efforts would be made to increase the number.

Approximately 300,000 were sent overseas during the last 5-year development period. DEPNAKER calculates that over 500,000 will be sent over the next 5 years. During 1989 foreign exchange earnings from the labor export program reached $136.7 million--a 20.15 percent increase over 1988 earnings. Over 71,508 persons were sent abroad during 1989, a 11.34 percent increase over the number sent in 1988.

AKAN has been beset by problems from the beginning. Muslims and women have strongly protested the treatment of women workers (approximately 65 percent of exported laborers are female). Critics complain about the inadequate preparation and low skill level of the employees and the types of jobs they command--largely in the personal service field. This criticism and a self-evaluation bent upon creating a more positive image of the Indonesian worker, resulted in a strong emphasis in 1988 and 1989 on sending only skilled and trained workers abroad.

New regulations were passed in November 1988 designed to simplify recruitment of Indonesians who wish to work abroad. The regulations opened the door to more entities to recruit and process workers. Government agencies, state owned companies, cooperatives, and private firms can send workers abroad. Licenses were extended from 2 to 5 years. Only skilled persons are to be sent. Training must be provided. Skills will be ascertained through testing. All workers are to be enrolled in the State insurance program. Indonesian embassies will be involved in recruitment and contract execution.

Problems arose in 1989 which generated controversy and public debate. The reported suicide of Indonesian maids working in Saudi Arabia prompted an investigation into the working conditions of women working abroad, especially in the Middle East, and a call by legislators for the cessation of the program. The Minister of Manpower, responding to Parliamentarians' concerns, stated that such a call was premature and hasty and that the government would continue to send female workers to the Middle East. He emphasized that this program provided employment and contributed to the increase in foreign exchange earnings. He stated that the Department of Manpower, manpower supply companies, and the Indonesian Embassy in Saudi Arabia were doing the maximum to protect women workers in Saudi Arabia. In the midst of the debate, the government announced that it was exploring the possibility of providing legal assistance for Indonesians working in Saudi Arabia.

Indonesia is still intent upon sending nurses and other health care personnel to the United States, but the enthusiasm is not as keen as it was during 1988 when reports of the shortage first surfaced. Two major problems have become apparent--lack of English preparation of a majority of the candidates and lack of adequate skills and training. Of the more than 500 nurses who successfully completed a joint Department of Manpower/Department of Health training course designed to prepare them for employment overseas, 156 applied to take the Commission on Graduates of Foreign Nursing Schools Qualifying Exam (CGFNS). Of the 156, approximately 30 met the requirements to take the exam. Only applicants passing the exam could apply for visas to work in the United States as nurses. Some of those who were not able to sit for the exam took their case to Parliament and the press, accusing the government of bad faith.

This experience demonstrates that the Department of Manpower may have to alter its strategy considerably if it intends to continue with this campaign; there is every indication that it will, even if at a more moderate pace. It will have to focus on training nurses who meet the minimum standards of eligibility to take the required exam. The past emphasis on practical training, which is becoming the hallmark of manpower planning, will have to be reevaluated.

Foreign Personnel

With a population of 2 million and over two million new entrants to the labor force each year, Indonesia has a labor policy which favors employment of Indonesian nationals and the transfer of technology.

Rising concern about the development of Indonesian management manifests itself in regulations requiring greater numbers of Indonesians in supervisory and managerial positions even though qualified Indonesians are in short supply. Although investors are generally ensured full authority to determine their senior management personnel, they are required to meet other manpower targets. The government fully expects foreign investment to contribute towards the training and development of Indonesian nationals allowing the transfer of skills required for their effective participation in the management of foreign companies. Companies which are allowed to employ foreigners have to appoint Indonesian counterparts ultimately to replace the expatriates. They must also provide the necessary education and training programs to replace expatriates within a reasonable period of time.

According to DEPNAKER's latest figures, the total number of permits issued to foreigners fell from 19,704 in 1988 to 18,541 in 1989–a decrease of 5.9 percent. This was a very positive reduction, DEPNAKER believes, and demonstrates that Indonesian workers are developing and are able to replace foreign employees. Most of the expatriates are working in the fields of oil and gas, forestry, general mining, fishery, plantations, animal husbandry, tourism, and the basic mechanical and metal industry.

As a general rule, all foreigners must have permits in order to work in Indonesia. Under normal circumstances a company can only hire a worker for jobs which have been predetermined by the government to be open to foreigners. (The regulations on employing foreign workers are more flexible for companies exporting 65 percent of total production. These companies may employ expatriate personnel as required.) Jobs eligible to expatriates are decided by a committee composed of government officials from the Department of Manpower and the relevant technical ministry and are reviewed periodically. The employment of foreigners to fill management and other positions which need skilled labor must be limited in the number employed, the types of positions available, and duration of employment. Guidelines on these positions and the timetable for Indonesianization are issued by the various ministries.

Employment in all sectors except the petroleum industry have been classified in four categories:

- jobs that are closed to foreigners;
- jobs that foreigners may hold until qualified Indonesians are available;
- jobs for which Indonesians must be trained by a specific date; and
- all other jobs that will remain open to foreigners.

In the oil and gas sectors, three categories of foreign employment exist: closed, permitted for certain periods, and provisionally open.

To hire an expatriate for a position open to a foreigner, a company must file a request with the DEPNAKER. Both DEPNAKER and the technical ministry (Health, for example, for a health worker) must approve the application. Once approved, it is sent to the Department of Immigration.

Recently promulgated regulations have made a substantial improvement in the process of securing work permits. Positive action was taken in 1987 to facilitate entry of expatriates into Indonesia as a part of the deregulation initiatives taken by the government to stimulate exports and to promote investment. The decisions liberalized substantially the rules for hiring of foreigners.

Multiple entry visas for 12 months are available. Each visit can last for 4 months, with a 6-month extension possible. A business visa permits entry for negotiations, buying and selling, consulting, etc. A technician entering Indonesia to repair equipment or service machinery requires a temporary work

permit. Foreign consultants working in Indonesia in connection with transfer of technology, improvement of product quality or design, or marketing aspects of Indonesian exports do not need a special work permit. A regular business visa will be sufficient in such cases. Temporary work visas which are valid for 6 months have different requirements and fees.

LABOR LEGISLATION

DEPNAKER administers Indonesia's extensive body of labor law and regulations covering labor management relations, minimum wages, collective bargaining, safety and health, recognition of trade unions, termination of employment, etc., and bears all responsibility for the interpretation and implementation of Indonesian labor laws.

Minimum Wages

Wage rate guidelines are determined by the Minister of Manpower on the basis of industrial sector and geographic location, following a review of input and material from national and regional wage councils. These councils are quadripartite bodies consisting of representatives from labor, management, government, and academe. In arriving at wage rates, the councils look at changes in the consumer price index (CPI), the skill level of workers, the local supply of manpower, and the ability of firms to pay. There is no national minimum wage. In practice, recommendations regarding minimum wages are submitted by the National Wages Council to the Governor of the respective province who in turn forwards them to the Minister of Manpower for approval, modification, or rejection.

In May 1989 the Minister of Manpower issued a regulation on minimum wages. It is the first regulation of its kind. It does not set a national minimum wage figure but finally gives structure to otherwise ad hoc procedures. Minimum wages will now be reviewed every 2 years. Mechanisms for enforcement are included. Employers violating the regulations are subject to a Rupiah 100,000 fine ($56.00) or up to 3 months imprisonment. These regulations also give DEPNAKER officials a legal basis upon which to carry out periodic inspections to monitor employer compliance.

Companies are free to determine the wages and salaries of employees beyond the minimum wage. Generally, the larger, more profitable domestic and foreign companies pay their workers salaries which are above the minimum wage. The following basic monthly wages provide a rough estimate of what a typical joint venture manufacturing company would pay nonsupervisory workers: welder $75 - 200; assembler $40 - 125; security guard $75 - 100; material handler $35 - 75; accounting clerk $100 - 300; typist $125 - 200; and bilingual secretary $750 - 1,000. (For information on average salaries for Indonesians working in domestic companies see key labor indicators.) Wages of some workers are based on either daily, weekly, monthly, or piece rate basis.

Generally, basic wage levels are far from the whole story in calculating labor costs. Indonesian fixed wage workers customarily receive transportation and other allowances in cash or kind, or both, as well as holiday bonuses. Fringe benefits and daily allowances can double labor costs at the low end of the labor scale and have a significant impact at the higher end.

Seventy-one new minimum wages were set in 1989. This included three regional minimum wages, four sectoral minimum wages, and 64 subsectoral minimum wages. The lowest regional wage is found in West Nusa Tenggara (Rp 650 daily--about U.S. 35 cents). The highest regional minimum wage is found in Jakarta (Rp 2,100). Batam Island, a special district, has the highest minimum wage in the country (Rp 2,450). The highest sectoral minimum wage is found in East Java in the construction sector (Rp 3,750). The lowest is found in the plantation sector in Central Java (Rp 650).

The wage councils also set a basic physical needs figure (KFM) for each of the 27 provinces. This is a monetary amount a single worker or family needs to meet the basic needs of nutrition, clothing, and shelter. The figure reflects changes in the local CPI for food, clothing, housing, transportation, and other family needs. The components of the KFM have not been changed in 33 years. The government plans to include more modern items in the calculation and to rename it "minimum life needs." The KFM is generally much higher than the minimum wage. The highest KFM figure for a family of four is found in East Timor (Rp 218,229 per month). The lowest is found in Yogyakarta (Rp 130,571 per month). The next highest KFM is found in Irian Jaya (Rp 206,133 per month). The minimum wage for Irian Jaya is Rp 1,800 per day or about Rp 43,200 per month, far below the KFM. The minimum wage for Yogyakarta is Rp 700 per day or about Rp 16,800 per month. This is also far below the KFM of Rp 130,571. (No minimum wage has been set for East Timor.) The government's long term goal is to bring the minimum wage more in line with the minimum physical needs figure.

Year of the Wage

In July 1989, the Asian American Free Labor Institute (AAFLI) received funding under the Foreign Assistance Act (FAA) section 116(e) human rights grant to initiate a minimum wage compliance project. Under this project, the All Indonesia Workers Union and AAFLI collected data and information from various companies concerning minimum wage compliance in key industrial areas in Indonesia. This project resulted in a national conference in March 1990. At this meeting, results of the survey were presented to the Department of Manpower, the media, and the general public. The survey showed poor employer compliance. Prompted by the SPSI minimum wage compliance project, DEPNAKER is moving beyond its traditional approach of persuasion and reasoning to encourage employer compliance with minimum wage directives, to a more forceful approach. When addressing DEPNAKER's 3-day working conference in March 1990, the Minister of Manpower proclaimed 1990/1991 as the year of the wage. He warned that while the Department of Manpower would continue with its policy of friendly persuasion, it would at the same time step up its supervision and enforcement efforts. In May 1990 executives of three companies were tried and convicted for paying workers less than the minimum wage and other labor violations. Other prosecutions are expected to follow.

Civil Servants and Military Pay Increases

On January 4 President Soeharto presented the draft 1990/1991 state budget before a plenary session of Parliament. Included was a 10 percent raise for civil servants, members of the armed forces, and pensioners. The increase was retroactive to January 1. This represents the second salary increase since 1985. The last was January 1989 when the government announced a 15 percent pay increase. Ten percent of the increase took effect in January 1989, the remainder in April 1989. This year's semestrial report on the 1989/1990 state budget, which indicated petroleum sector surpluses, prompted some Parliamentarians to express optimism over a possible increase in civil servants salaries. This optimism was not countered by the government. Predictably, the reaction from the press, legislators, and the public to the actual increase was that it was too modest and would provoke price increases thus diluting any real gains.

Benefits

Indonesian labor statutes concerning employee benefits are comprehensive, progressive, and constantly being revised to expand legal protection of worker rights. Indonesian law provides workers protection in the following areas: vacation pay, maternity leave, public holidays, hours of work, overtime, sick leave, workplace accidents, social insurance, severance pay, service pay, dues checkoff, termination of employment, wage protection, other paid leave for miscellaneous events (including death in the family, child birth, special religious leave, etc.), and minimum wages. In addition, workers customarily receive transportation allowances, food allowances in cash or kind, and holiday bonuses. Workers in more

modern facilities often receive health benefits, social security, and free meals. Large multinational companies and government agencies have long had pension plans, accident insurance, saving schemes, and other benefits. Until 1978 there was no comprehensive program covering workers. In that year a minimal insurance scheme was instituted providing some protection. It is constantly being expanded.

Social Security

The government social insurance program (ASTEK) became effective in January 1978 and is mandatory for any privately owned domestic or foreign enterprise, public undertakings (PERUM), limited corporations (PESERO), or any other state-owned undertaking with more than 100 workers or a monthly payroll of more than Rp 5,000,000. It is based on Government Regulation 33 of 1977. In an attempt to bring more workers under the umbrella of ASTEK, this standard is periodically revised downward. Presently any company with 25 employees or more, or a monthly income of Rp 1 million, is obligated to enroll its employees.

Currently there are three major programs in operation:

- Worker's accident insurance;
- Worker's savings (providential fund) payable at age 55 or total disability; and
- Death insurance.

The employment injury scheme covers injury, disease, or death arising out of and in the course of employment. It also covers accidents to and from the workplace. Protection for old age is provided by the provident fund. This scheme is based on the idea of compulsory savings in which covered employees and employers make regular contributions at fixed rates. The accumulated funds recorded in each individual account plus interest are payable in the form of a lump sum benefit in specified contingencies, namely old age, disability, and death. The funds payable are a factor of time. In the case of premature death, the amount may be relatively small. The provident fund is complemented with death insurance.

The employment injury benefit is limited to medical cost reimbursements and cash allowances as follows: the cost of transportation of the injured to a hospital or home - maximum payment Rp 50,000; the cost of medical treatment including medicine, doctors and surgery - maximum of Rp 2.0 million. Temporary disability allowance is 120 days at full wages and subsequently 50 percent wages. For permanent disability, an amount up to a maximum of 70 percent of 60 times monthly salary will be paid. Under the provident fund a member is entitled to accumulated contributions, plus interest, at the time of retirement, disability, or death. Based on a Presidential Decree, death benefits have been raised to Rp 700,000 irrespective of the amount of the member's earnings.

Each of the programs is funded by a different formula. The accident insurance is funded entirely by the employer. The contribution rate is divided into 10 industrial risk classifications ranging from 0.24 to 3.60 percent of employees' earnings. The provident fund is funded by a 1 percent contribution from the employer and a 1.5 percent contribution from the employee. The life insurance premium is 0.50 percent of wages and is paid by the employer. Supplemental benefits include scholarship awards, boarding houses for construction workers, unemployment assistance, loans for down payment on houses, and training facilities for members who have been dismissed from their employment. The funds for these purposes are very limited.

ASTEK has developed social insurance schemes for Indonesian migrant workers who work in Saudi Arabia, Malaysia, and Singapore. As of 1989, 64,800 migrant workers were covered. The cumulative number of ASTEK members as of December 1989 was 25,199 companies covering 3,600,000 employees.

Presently ASTEK is experimenting with several other programs. A health insurance scheme is currently underway in seven cities in Java and Sumatra. Unemployment insurance is being experimented with on a small scale, largely with construction workers in the oil and gas sector. Companies can also buy a partial package. For example, contract projects lasting for short durations are exempted from enrolling in the provident fund portion. Seasonal sugar workers and employees of state-owned sugar plantations were recently brought under the umbrella of the social insurance scheme.

Studies are underway to determine how and if coverage should be extended to the self-employed. A pension retirement program is being considered. Consideration is also being given to the passage of a comprehensive law on social security. The present structure and provisions of the social insurance scheme are governed by Minister of Manpower Regulations. The government believes that the existence of a law will constitute a very important factor in providing a foundation for the successful implementation of the ASTEK program.

During a consultative forum on workers' insurance attended by over 200 businessmen, the Minister of Manpower expressed his concern over the low number of businesses which have enrolled their employees in ASTEK. Of the 117,841 businesses registered with the Department of Manpower (covering over 4 million employees), only 25,199 businesses covering over 3 million employees had enrolled. The primary violators he noted were those employing 25 or less workers. During a September 1989 working meeting with members of Parliament, the Minister of Manpower repeated his concern over the low number of businesses participating in ASTEK and stated that he would carry out an integrated investigation of companies not in compliance with the regulations.

To highlight the government's increased concern, the President Director of ASTEK has initiated criminal proceedings against four companies which have not enrolled their employees in the ASTEK program as required. These proceedings are intended to serve as a warning to other violators and signal the end of the old policy of persuasion and the advent of a new, firmer approach to enforcement.

Health and Safety

Indonesia's 1989 health and safety picture was mixed. The increase in the number of work accidents caused concern in the Department of Manpower. During 1989 there were 9,295 accidents reported. In 1988, 7,648 cases were reported. The Department attributes the rise in the number of accidents to the increasing use by businesses of dangerous materials and instruments and employer and employee lack of understanding of sound health and safety practices. DEPNAKER is also highly concerned about public apathy, and the small number of worker safety and health committees which have been established at businesses. It also admits that its inspection system is still very weak. Success has been noted on another front, however. The number of deaths in the workplace decreased from 592 in 1988 to 423 in 1989, a percentage decrease of approximately 28.5 percent. The Department of Manpower attributes this decrease to a successful health and safety campaign and information and training programs.

In October 1987 President Soeharto ordered the Ministers of Manpower and Industry to establish worker training programs and to intensify their efforts to enforce existing safety standards. In view of this mandate, in January 1988 the then Minister of Manpower, Sudomo, launched a 1-month national safety campaign whose primary goal was to sensitize DEPNAKER staff, firms, and workers to the importance of carrying out effective safety norms and health programs in the workplace. This national safety

campaign has become an annual event and is used to highlight the importance of health and safety in Indonesia.

To demonstrate the importance of this year's campaign, Vice President Sudharmono gave the opening speech at the inaugural ceremony. The theme for this year's campaign was increasing society's role in instituting safety and health norms.

The Department of Manpower, the All Indonesia Workers Union (SPSI), and the employers continue to work with international agencies to ensure that as broad a base as possible is involved in health and safety initiatives. In September 1989 the SPSI and the Department of Manpower worked together to implement an ILO-backed occupational health and safety training program for workers. This was phase one of a 3-year project on workers' education assistance in occupational health and safety. The financing agency is the Danish government. The immediate objectives are to create greater awareness among workers on the cause and remedies for industrial injuries and diseases. During this same period a group of 22 senior officials from the Department of Manpower left for Australia to participate in a training course on chemical safety and major hazards control. The group was headed by the Director of Occupational Safety and Health. The course was funded by the ILO with a substantial contribution from the Federal Republic of Germany. The Department of Manpower also contributed financially. In February 1990 the Ministers of Health and Manpower signed an agreement to improve the effectiveness of over 520 company health care centers. These centers cover over 108,000 workers in 18 major cities throughout the country and are managed by the government social insurance program--ASTEK.

Hours of Work

Indonesian law calls for a 40-hour work week with a maximum of 7 hours per day, and one half hour of rest for each 4 hours of work. Regulations allow employers to deviate from the normal work hours after obtaining permission from the Department of Manpower and upon agreement of the employees.

Experimental new hours were introduced in Jakarta for all Jakarta municipal administration offices effective January 1, 1990. According to the new experimental schedule, these employees will have a holiday on the first Saturday of each month. The government hopes that these new hours will create a better balance between working time and rest hours so as to reduce the number of Jakarta employees experiencing stress. It is also hoped that these new hours will result in increased efficiency, employee motivation, and better service to the public.

INDUSTRIAL RELATIONS

Pancasila Industrial Relations

The labor relations system in Indonesia is based on the national ideology of Pancasila or five principles. As enunciated in the preamble to the 1945 Constitution, the components of Pancasila are:

- Belief in the One Supreme God;
- Belief in a just and civilized humanity;
- National unity;
- Democracy guided by deliberations of representatives; and
- Social justice.

The elaboration of Pancasila in the field of industrial relations emphasizes the traditional Indonesian values of harmony, mutual self-help, and consultations leading to consensus. Government, labor, and employers are expected to work harmoniously together to achieve national development, social justice, and an equitable share of economic development for all in conformity with their function and performance.

The principal tools in the implementation of Pancasila Industrial Relations are:

- The Bipartite Body. This is the forum for consultation, communication, and deliberation at the plant level between workers and management on matters relating to the working conditions and enforcement of the collective labor agreement.

- The concept of tripartitism is also important. Workers, management, and government are expected to work together to formulate plans in the manpower field and to smooth conflicting interests. Numerous tripartite bodies exist and advise the Minister of Manpower on matters such as wages, productivity, health and safety, and the settlement of disputes.

- Collective labor agreements are considered to be a means to implement the sense of co-responsibility that plays an important role in Pancasila labor relations.

- Manpower laws and regulations, institutions for the settlement of labor disputes, education and extensive training on Pancasila Industrial Relations, unions, employer associations and other institutions round out the important tools in the implementation of Pancasila Industrial Relations.

Indonesia makes a concerted effort to introduce expatriate managers and personnel to Pancasila Industrial Relations through periodic 1-day seminars. High level officials of the Department of Manpower participate in these sessions. Over the past 2 years approximately 500 expatriate personnel have been introduced to Pancasila Industrial Relations via this medium. The Department of Manpower's goal is to reach all expatriates occupying supervisory or managerial positions. Costs of the seminars are borne by the participants.

Collective Bargaining

Collective bargaining is guaranteed by law. The government considers collective agreements to be very important for the promotion of labor peace and productivity. As a transitional stage to encourage union organization, regulations require that every company employing 25 employees or more must issue company regulations defining the terms and conditions of employment. Although company regulations are not subject to collective bargaining, employers are obligated to at least consult with employees or the employees' representative before submitting the company regulations to the Department of Manpower for approval. In May 1989 the Director General for Labor Standards issued a directive requiring all companies wishing to renew or register their company regulations to demonstrate that they have consulted with the union and that the union does not wish to negotiate a collective labor agreement. If there is no union, then the company must show that it has consulted with a committee consisting of employer and employee representatives. If no such committee exists, then the company is obligated to take steps to ensure that one is formed.

Presently there are over 26,360 companies in Indonesia employing 25 or more employees. The cumulative number of company regulations at the end of 1989 was 17,642. In 1988, 1,060 company regulations were signed covering 45,341 employees. In 1989 this number dropped to 815 covering 37,827 employees, almost a 25 percent decrease.

Collective bargaining is generally non-adversarial. Differences are recognized and settled through negotiation to achieve a consensus consistent with the mutual assistance philosophy. Collective bargaining agreements for the most part are negotiated and concluded bilaterally by the employer and employees. By regulation, negotiations are to be concluded within 30 days. If not, the matter is to be submitted to DEPNAKER for mediation/arbitration. In practice, most negotiations are concluded within the 30 days. Some go beyond. Agreements are valid for 2 years and can be extended for 1 year. An employer, once notified that 25 employees have joined a union, is under an obligation to bargain. A labor union has a right to conclude a labor agreement.

The cumulative number of collective labor agreements at the end of 1989 stood at 5,136, compared with 4,950 at the end of 1988. The Department of Manpower, in particular, has expressed disappointment over the slow progress being made in increasing the number of collective agreements and company regulations, despite its campaign to encourage the development of these two instruments. One method that DEPNAKER is promoting to increase the number of agreements is the mass signing of collective agreements and company regulations. In 1990, 28 production sharing companies of the state-owned Pertamina oil company gathered in Bali to sign company regulations for over 20,000 employees.

Industrial Disputes

1989 was another relatively peaceful year on the industrial relations scene. Strikes were infrequent and inconsequential. This year was marked by a decrease in the number of work severances and strikes. Procedures for the settlement of disputes are provided for by Act 22 of 1957 on the Settlement of Labor Disputes and Law No. 12 of 1964 on the Termination of Employment.

The law provides for conciliation of disputes by offices of DEPNAKER. If this fails, disputes may be brought before a tripartite regional or central Committee for the Resolution of Labor Disputes. Final appeals may be made to the courts. The Minister of Manpower may intervene in termination cases. The law of termination favors the employee. In termination cases, the parties must try to resolve the case before the employer may seek the mandatory dismissal permit from the regional disputes committee. Termination of more than 10 employees is considered a mass termination and requires permission from the central disputes committee. Generally, permits will not be granted in connection with labor union activity, based on a complaint by the employee to authorities about the employer's legal behavior, or in connection with the employee's belief, ideology, race, sex, or religion. A severance is forbidden if based on the employee's illness or if the employee cannot work because he is fulfilling some legally required duty. Cases of work severances in 1989 decreased by 13.5 percent when compared to 1988. There were 3,360 cases of work severances involving 25,689 employees in 1989, compared to 3,887 cases involving 13,688 workers in 1988. According to DEPNAKER the majority were due to expiration of working contracts, disciplinary actions, and plant closures.

There is a legal right to strike in Indonesia and employers have the right to lock out employees. In principle, neither strikes nor lockouts are in line with the principles of Pancasila Industrial Relations. They are permitted and do occur, but differences are supposed to be settled through consensus. Public employees and employees in 21 industries deemed vital to the national interest do not have a right to strike. (These industries employ about 170,000 employees.) Employees of state enterprises and civil servants belong to KORPRI, the Indonesian Corps of Civil Servants--a nonunion association chaired by the Minister of Home Affairs. KORPRI believes it has the autonomy and mechanisms for protecting its members. The central board of KORPRI and its secretariats at all provincial levels have established the employee relations bureau, which is responsible for settling labor disputes. By law, a separate disputes resolution and appeals process exists for civil servants and employees in these vital industries to protect their interests in the event of a labor dispute.

Before a strike can occur in the private sector, the law requires intensive mediation by DEPNAKER and prior notice regarding intentions to strike or lockout. No approval is required. Because of these requirements, most disputes are settled through deliberation and consensus. Most strikes are brief, spontaneous, and nonviolent. Most have to do with nonpayment of wages, disputes over the Lebaran (Muslim holy holiday) bonus, or protests over the lack of a union.

There were 19 cases of strikes involving 6,168 workers in 1989, compared to 39 cases in 1988. (The 1988 figure has been revised upward by the Department of Manpower since the last Labor Trends Report.) The Department of Manpower believes the decrease in the number of strikes is due to the successful implementation of Pancasila Industrial Relations and the policy of settling labor disputes as quickly and as early as possible.

Over 70 percent of the strikes occurred in the industrial sector and most were related to the problem of wages and benefits. Other reasons were callous or indifferent treatment by management, support of fired workers, and protest over the lack of a union. The reported strikes cover those involving the Department of Manpower and the SPSI. Although it is impossible to substantiate, newspaper accounts and word of mouth have led to a consensus among observers that for every officially-counted strike there are possibly four to five additional ones. As a follow up to a strike, or as an alternative to the formal disputes system, workers often take their disputes to the Parliament or local representative assemblies. Although this technique is discouraged, it is popular because it usually attracts press coverage and can produce sympathetic responses from legislators. Through this route, workers have sometimes been successful in attracting high level government attention to a specific problem. Many workers also take their cases to the Indonesian Legal Aid Foundation (LBH). The loss of working hours in 1989 was 29,257 compared to 60,726.5 in 1988. (This 1988 figure has been revised upward by the Department of Manpower since the last Labor Trends Report.)

Labor Organizations

PGRI

A landmark event occurred on April 5 when the Indonesian Teacher's Association (PGRI) was officially recognized as a trade union, bringing to two the number of registered unions in Indonesia. Given the PGRI's membership of over 1.3 million (approximately 87 percent of the teaching population), the registration increases the amount of the organized work force to approximately five million, or 6 percent of the total work force. In order to register as a union, an organization must meet the following requirements: representation in at least 20 of the 27 provinces; branch offices in at least 100 districts; and 1,000 local units at plant level. The PGRI has representation in all 27 provinces, 307 municipalities, 3,500 districts, and 62,800 counties. To enhance communication between the national board and the constituent branches, the PGRI publishes a monthly magazine entitled *Teacher's Voice.*

By law all civil servants and state employees must belong to KORPRI, the nonunion association of civil servants. Over 90 percent of the members of PGRI are government teachers and members of KORPRI. It remains to be seen how registration will affect the operations of the PGRI and whether or not it will be allowed to bargain on behalf of government teachers. For the moment PGRI's greatest challenge is to determine how, on the domestic front, it intends to carry out its newfound role as a trade union. Plans are for a representative to attend the ILO meeting in June along with the SPSI. PGRI is already very active on the international front. It hosted the ninth Council of the ASEAN Council of Teachers in 1987. It is affiliated with the World Confederation of Organizations of the Teaching Profession (WCOTP) and is a member of the International Federation of Free Teachers Unions (IFFTU).

SPSI

The SPSI is still struggling with the formidable task of trying to develop as a strong sectoral institution and to convince employees and the public that it is a true advocate of workers. From a loose confederation of 21 industrial unions, in 1985 the SPSI was reorganized into a unitary structure. The SPSI presently consists of nine departments covering broad industrial sectors and nine institutes. The SPSI's Institute for Women has received grants from the Ford Foundation to establish combination day care/counseling centers for women workers. The SPSI has begun to focus more on issues relating to worker welfare. It has increased its training efforts and embarked upon a campaign to spread knowledge of its role among constituents and potential members. In September 1989 the SPSI set up a branch in East Timor, bringing to 27 the number of its regional branches. There are still only about 10,000 SPSI units operating in the country and about half have executed collective bargaining agreements. As of December 1988 the total number of businesses registered with the Department of Manpower numbered over 112,575, with a total of 4,429,753 workers. Presently there are over 26,360 businesses with 25 employees or more, the legal amount of employees required before collective bargaining can take place. A large number of employees, particularly in the agricultural and informal sectors, remain unorganized. The SPSI is still trying to determine how it can organize the informal sector. It made considerable headway in 1989/1990 in sensitizing the government and the private sector to the relationship between worker rights, wages, health and safety, women's rights, and national economic development. With funds provided under a U.S. Agency for International Development (USAID) section 116(e) human rights grant, AAFLI and the SPSI began collecting data from various companies in Indonesia concerning minimum wage compliance. Over 1,551 companies in East, West, and North Jakarta were investigated. Over 50 percent were found to be paying less than minimum wages. Results of the survey were released during a conference held in March 1990. Release of the information generated a great deal of public interest. This survey has increased the public's respect for the organization, resulted in more government enforcement, and provided new incentives for the organization.

The SPSI is also trying to improve its image on the international front. International assistance is facilitating SPSI's adjustment to its new structure. The ILO continues to provide technical as well as financial assistance. The SPSI is a member of the ASEAN Trade Union Council (ATUC). Its Secretary General serves as Vice President of the organization.

There has been no ICFTU formal presence in Indonesia since 1986 as a fallout of the 1985 restructuring of the union. Based on the conclusions of the national leadership meeting held in December 1988, the SPSI is taking steps to affiliate with the ICFTU. This will be a major topic of discussion during the national congress scheduled to take place in November 1990. In the interim, the SPSI has been making efforts to maintain contact with the ICFTU by sending delegations to international congresses and seminars. The ICFTU - APRO in December of 1988, based on an April 1988 visit to Indonesia, decided to recommend that the ICFTU foster relations with the Indonesian trade union movement and reactivate ICFTU educational and organizational assistance programs. The ICFTU General Secretary called on President Soeharto in March 1990, fueling the speculation that the SPSI's application to become a member of the ICFTU was forthcoming. In the interim the SPSI is pursuing training and organizational assistance programs with the ICFTU - APRO as a preliminary step to affiliation. In March 1990 a joint SPSI - ICFTU seminar was held on collective bargaining and employee standard of living. Another seminar on labor standards is scheduled to take place in September 1990. Various International Trade Secretariats (ITS) have limited programs, including the International Federation of Building and Woodworkers (IFBWW) which maintains contact with one of the former industrial unions of the FBSI.

KPI

The Indonesian Seafarers' Union (KPI) is an independent union within the SPSI. It has a total membership of approximately 16,000 and branches in 11 regions. It plans to expand its branch offices to East and West Kalimantan, South Sulawesi, and Maluku before the end of 1990. KPI provides medical services to members and also operates two cooperative stores catering to members and their dependents. Membership during the 1989/90 period grew tremendously. For the first time in KPI's history, officers of the merchant marine, who were formerly reluctant to do so, became members. The KPI assumes that this was due to its success in convincing the government of its members' competencies as manifested in the issuance of provisional seamen's certificates pending retraining of its members. The KPI embarked upon this lobbying effort when it confronted a major issue of the possible decertification of many of its members overseas because of government delay in providing them with International Maritime Organization recognized seamen's certificates. The issue was resolved with the issuance of provisional certificates to approximately 5,000 KPI members working abroad.

The KPI acts in cooperation with many shipping companies to provide stewards training for cruise vessels, using the vocational training centers of the Manpower Ministry.

The KPI publishes its own magazine, *Media Pelaut*. This magazine has been successful in providing timely information on its members' activities and in chronicling significant developments in industrial relations. Regionally in Asia the KPI is active in the ITF-affiliated Asian Seafarers' Union. In late 1990 the KPI will host the organization's summit meeting.

A number of other organizations operate as quasi-trade unions. Two of the more active ones are INKOPKAR and the Joint Secretariat of Former Industrial Unions (SEKBER).

INKOPKAR

INKOPKAR is a coordinating network of over 1,700 cooperatives with a membership of over 2 million. Its main function is to strengthen the institutional capacity of cooperatives. Most of the members are from the industrial sector and the rest from the financial and service sectors. The leadership of INKOPKAR includes influential members of Parliament and the Ministers of Cooperatives and Labor in advisory capacities. Agus Sudono, former FBSI Chairman (predecessor organization to the SPSI) is the chairman. Agus Sudono continues to play an important role in the international labor scene. His organization receives technical advice and training from the ILO and other international organizations. The ILO provides assistance for INKOPKAR's publication, *GEMA*, and carries out membership monitoring and consultation services. An ILO consultant from Geneva continues to provide expertise and guidance. INKOPKAR also receives assistance from the Canadian Cooperative Association. This organization is carrying out an income generating program in the informal sector. The Friedrich Ebert Stiftung (FES) provides assistance on business and financial management. INKOPKAR has received an FES grant for conducting 14 local leadership training courses and 1 national level seminar. Sudono was reappointed vice-chairman of the ICFTU - APRO executive board and serves as honorary chairman of the ASEAN Trade Union Council (ATUC).

SEKBER

Adolph Rachman, former FBSI Secretary General and currently chairman of the Worker's Pancasila Foundation, was reelected to the executive board of the WCL, and as its vice chairman for Asia - BATU. He is also a member of the SEKBER, a loose association of some of the former members of the industrial unions which were abolished during the 1985 restructuring of the SPSI. This group carries out quasi-trade union functions, mostly training sessions, and maintains limited contact with the International Trade Secretariats (ITS). This year it stepped up its efforts to gain legal recognition and

became more public in its attempts, appealing to members of the public and the Parliament to support its cause. In a show of newfound zeal, in January 1990 SEKBER hosted its first national seminar. The seminar was on deregulation and conglomerates. Over 85 persons attended. Present were persons from academe, the mass media, and business. Prominent past and present manpower officials were speakers.

International Assistance for Labor Organizations

Friedrich Ebert Stiftung (FES)

The Friedrich Ebert Stiftung (FES) continues with its program in Indonesia. It provided trade union leadership training in Europe for Indonesian labor leaders and sponsored a training seminar for women unionists in Bali. It provided support for eight 1-week SPSI seminars on local leadership training. In the past FES directed most of its efforts to support of the Indonesian Manpower Foundation (YTKI). In December 1989 it discontinued direct support for the YTKI after 20 years of cooperation, but continues to provide indirect assistance to the Foundation through follow up programs and sponsorship of YTKI seminars. The FES also gives full support to the YTKI research and documentation center for manpower development. In cooperation with the SPSI, FES plans to translate and publish two ILO worker education manuals. Additionally FES continues to sponsor, as a part of its adult education program, several Indonesian nongovernmental organizations in Jakarta and in the provinces engaged in general and informal worker education and self-help activities.

Japan Institute of Labor (JIL)

The Japan Institute of Labor (JIL) carries on an expanding program of cooperation with DEPNAKER, SPSI, and APINDO in a variety of fields including worker safety and health, skills upgrading, and industrial relations.

Asian American Free Labor Institute (AAFLI)

AAFLI's broad objective is to develop the SPSI as a strong institution in line with Pancasila Industrial Relations through a wide spectrum of membership services, communications programs, and trade union training. It provided a seed capital grant to a loan program to allow victims of floods to start income generating projects. It provided medical assistance to 2,000 union members and families who work in the pumice stone industries of Lombok. With AAFLI help, the SPSI organized a chemical hazard team and called together over 200 chemical workplace leaders. This program complements the ILO project aimed at reducing major chemical disasters. Other programs include organizing workplaces in one industrial area, planning for a program to monitor dues collection, assisting 50,000 plantation workers in Sumatra to bargain collectively, and organizing a detailed family income study in the same poor neighborhood where AAFLI has helped dockworkers establish a small loan fund to assist workers severely affected by containerization.

AAFLI built upon previous efforts to assist the SPSI in the important area of enforcement. AAFLI gave SPSI the support necessary to expose noncompliance with the minimum wage. The union established some credibility with employees as a result of this campaign. AAFLI shifted funds to projects designed to identify, counsel, and find employment for employees dismissed for union activities. With AAFLI's help, groups from the headquarters staff attained new skills in video production.

GSP Petition

In June 1987 the AFL-CIO filed a petition with the United States Trade Representative to remove Indonesia's Generalized System of Preferences (GSP) privileges because of an alleged poor record on

worker rights. Specifically, the AFL-CIO alleged that Indonesia denied its workers the right of association in both the private and public sectors, denied workers the right to bargain, and criticized Indonesian standards regarding child labor. It alleged that there were unreasonable restrictions on the autonomy of the private sector unions and an unreasonable extension of civil servant status to workers with only remote links to government.

The USTR investigated the claim and found it lacking in that the government was making progress on all fronts. In 1988 the AFL-CIO filed a similar petition. The USTR refused to accept it stating that it introduced little of substance which had not been investigated the previous year. In June 1989 the AFL-CIO filed a similar complaint. On April 27, 1990, the United States Trade Representative announced the results of the 1989 GSP worker rights review. It was announced that Indonesia was found to be taking steps to provide internationally recognized worker rights. It was determined that there were specific actions taken by the Government in the areas of the conditions of work and child labor that could be pointed to as "steps." In addition the USTR determined that information provided it regarding company regulations evidenced an effective level of choice and protection to Indonesian workers as regards the right to organize and bargain. The USTR also noted that continuing problems remain as regards the right of association.

Employer Organization

APINDO is the officially recognized organization authorized to speak for employers on matters relating to labor-management relations and similar socioeconomic subjects. It has been given authority by KADIN, the Indonesian Chamber of Commerce, to represent employers in industrial relations matters and manpower issues. It is the only recognized employer organization to represent the employers in dealings with the Ministry of Manpower. APINDO represents Indonesian employers in the ILO and in international matters. It also provides representation for employers to the various tripartite bodies (wages, productivity, health and safety) which are central to the Indonesian concept of industrial relations. APINDO has branches in all provinces except East Timor. At the end of 1988 there were 4,656 business members of APINDO--an increase of 1,020 over 1987. During 1988 the Department of Manpower instructed the technical departments to become APINDO members, an act which should assist APINDO's membership drive considerably. APINDO increased its relationships with other government entities such as the Department of Industry, ASTEK, and the National Family Planning Coordinating Board. A Ministry of Population and Life Environmental Management training seminar was conducted in January 1989 to assist business with industrial waste disposal problems. This group reached an agreement with the Productivity Foundation to explore ways of increasing employee productivity. It signed a cooperative agreement with the Departments of Social Affairs, Home Affairs, and DEPNAKER on employment and training of the physically disabled. APINDO and these departments have agreed to channel the physically disabled to various companies throughout Indonesia.

On the international front, APINDO signed a cooperative agreement last year with the ILO and the Confederation of Australian Industry to provide assistance to APINDO. This technical cooperation agreement is aimed at enhancing APINDO's ability to serve its member companies and to disseminate information regarding Pancasila Industrial Relations in the business community. In connection with this agreement, it will upgrade its research facilities and information data bank and upgrade the skills of its personnel. APINDO is a member of the International Organization of Employers with headquarters in Geneva. APINDO has been appointed associate correspondent of the Japanese Institute of Labor (JIL) for the exchange of information on manpower.

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